



Washington State Senate

Senator Karen Keiser

Chair, Health and Long Term Care Committee
33rd Legislative District

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April 25, 2008

Senator Paula Sandoval, Chair
Colorado State Finance Committee
200 E Colfax
Denver, CO

Dear Senator Sandoval:

As a State Senator deeply concerned about the high cost of health insurance in my home state of Washington and across the country, I strongly urge you to support the Fair Accountable Insurance Rates Act, HB 1389 (FAIR Act). Earlier this year, my fellow legislators reinstated prior approval in our individual insurance market by passing SB 5261. I sponsored this legislation at the request of our Insurance Commissioner, Mike Kreidler.

I believe our experience with rate regulation can be informative to your consideration of the FAIR Act. In 2000, the Washington Legislature barred the insurance commissioner from overseeing the individual insurance market. In 2007, after several years of large premium increases, Commissioner Kreidler recommended that the Legislature restore prior approval rate regulation to the individual health insurance market.

Despite efforts to reinstate rate regulation last year, we did not succeed; in part because insurers lobbied hard for the status quo. However, just a few weeks after we adjourned the 2007 legislative session our biggest insurers, Regence and Premera, raised premiums by huge amounts, from 40 to even 70 percent. Our constituents were outraged.

Other factors in Washington State led to our passage of prior approval this year. Since 2002, reserves for the three largest health insurance companies, fueled by rate increases, have grown from \$833 million to \$2.2 billion. Additionally, we were shocked when earlier this year the Seattle Post-Intelligencer broke a story that Premera Blue Cross, one of our non-profit insurers, had transferred \$49 million in surpluses to a faltering for-profit subsidiary, Lifewise Health Plan of Arizona.

Clearly, it was our responsibility as legislators to bring oversight and accountability back to our individual health insurance market. With health insurance companies consolidating across state lines, it is increasingly important that states enact similar regulations and standards for fair insurance practices. Consumers need a watchdog to rein in exorbitant premium increases and ensure that we are getting real value for our health care

dollars. Our constituents expect us to act on their behalf and in this case I believe oversight and rate reviews will provide us the necessary tools to accomplish that public service.

As a fellow state legislator and chair of my chamber's Health and Long-Term Care Committee, I urge you to join Washington and more than 30 other states in bringing accountability to health insurance.

Sincerely,

A handwritten signature in black ink, appearing to read "Karen Keiser". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Karen Keiser
Senator
33rd District of Washington

cc: Senator Chris Romer, Vice-Chair, Colorado Senate Finance Committee
Senator Greg Brophy, Colorado Senate Finance Committee
Senator Ted Harvey, Colorado Senate Finance Committee
Senator Jim Isgar, Colorado Senate Finance Committee
Senator Mike Kopp, Colorado Senate Finance Committee
Senator Jennifer Viega, Colorado Senate Finance Committee